

Annington Rentals Limited
(Registered Number: 3818324)

Annual Report and Accounts
For the Year Ended 31 March 2004



Annington Rentals Limited

Directors' Report For The Year Ended 31 March 2004

The directors present their annual report and the audited accounts of the Company for the year ended 31 March 2004.

Principal activities

The principal purpose of the Company is that of property investment. The activity of the Company is expected to continue at similar levels for the foreseeable future.

Results and dividends

The Company's loss after taxation for the year is £200 (2003: result after taxation £nil).

No dividend has been paid or proposed (2003: £nil).

Directors and their interests

The directors who held office throughout the year are given below:

JB Chambers
JC Hopkins
ARJ Needham

The directors had no interests in the shares of the Company or any other company within Le Grand Annington Limited Group.

Statement of directors' responsibilities

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annington Rentals Limited

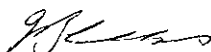
Directors' Report For The Year Ended 31 March 2004

Auditors

Having received on 20 November 2003 the formal note of resignation of PricewaterhouseCoopers LLP as auditors to the Company, it was resolved that Deloitte & Touche LLP be appointed to fill the casual vacancy so created to serve as auditors until the conclusion of the next general meeting at which accounts are laid before the members.

A resolution to appoint Deloitte & Touche LLP as auditors to the Company will be proposed at the next Annual General Meeting.

By Order of the Board



J.B. Chambers

Secretary

24 August 2004

Registered Office:

1 James Street
London
W1U 1DR

Independent Auditors' Report To The Members of Annington Rentals Limited

We have audited the financial statements of Annington Rentals Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting provisions of the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date 

Annington Rentals Limited

Profit And Loss Account For The Year Ended 31 March 2004

	Note	2004 £	2003 £
Turnover		-	-
Cost of sales		(200)	-
Operating loss	2	(200)	-
Loss on ordinary activities before taxation		(200)	-
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation		(200)	-
Retained loss for the financial year	8, 9	(200)	-

All income was derived from within the United Kingdom from continuing operations.

There are no recognised gains or losses consequently a statement of total recognised gains and losses has not been presented.

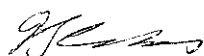
All costs are stated at historical costs.

Annington Rentals Limited

Balance Sheet as at 31 March 2004

	Note	31 March 2004 £	31 March 2003 £
Fixed assets			
Tangible assets	4	549,480	-
		549,480	-
Current assets			
Debtors due within one year	5	19,800	-
Creditors – Amounts falling due within one year	6	(569,480)	-
Net current liabilities		(549,680)	-
Total assets less current liabilities		(200)	-
Net liabilities		(200)	-
Capital and reserves:			
Called up share capital	7	-	-
Profit and loss account	8	(200)	-
Total equity shareholders' deficit	9	(200)	-

Approved by the Board on 24 August 2004 and signed on its behalf by:



J.B. Chambers
Director

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2004

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise on the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred assets are recognised to the extent that it is regarded to be more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investment properties

Investment properties are revalued annually. The surpluses or deficits on the properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Sales are accounted for on legal completion of contract basis.

2 Operating loss

Costs in respect of audit services are borne by another Group company, Annington Management Limited, in the current and preceding year.

3 Tax on current and preceding year

	2004 £	2003 £
Taxation on loss for the year		
UK corporation tax at 30% (2003: 30%)	-	-

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2004

3 Tax on current and preceding year (continued)

	2004 £	2003 £
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(200)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30% (2003: 30%)	(60)	-
Expenses not deductible for tax purposes	60	-
Current tax charge for the year	-	-

4 Tangible assets

	Investment Properties £
Cost or valuation	
At 1 April 2003	-
Additions	549,480
At 31 March 2004	549,480
Net book value at 31 March 2004	549,480
Net book value at 31 March 2003	-

The investment properties have been valued by the directors on the basis of market value.

The directors have considered the valuation of the properties as at 31 March 2004 and believe that there have been no significant changes in the property market and that the cost paid to acquire the investment properties represents the market value and is not greater than market value at 31 March 2004.

5 Debtors

	2004 £	2003 £
Other debtors	19,800	-

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2004

6 Creditors - amounts falling due within one year

	2004 £	2003 £
Amounts due to group undertakings	566,521	-
Other creditors	2,959	-
	569,480	-

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

7 Share capital

	2004 £	2003 £
Authorised - 100,000 ordinary shares of 1p	1,000	1,000
Allotted and nil paid		
1 ordinary share of 1p - nil paid	-	-
	-	-

8 Reserves

	Profit and loss account £
As at 1 April 2003	-
Retained loss for the year	(200)
At 31 March 2004	(200)

9 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Loss for the financial year	(200)	-
Net change in shareholders' funds	(200)	-
Shareholders' funds brought forward	-	-
Shareholders' funds carried forward	(200)	-

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2004

10 Employees

The Company had no employees during the year (2003: nil). The cost of the employees is borne by another Group company, Annington Management Limited, in the current and prior year.

11 Directors' emoluments

The directors received no emoluments for their services to this company in the current and prior year.

The directors' emoluments are borne by another Group company, Annington Management Limited.

12 Cash flow statement exemption

The Company is a small company as defined under Section 47 of the Companies Act 1985. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996), "Cash Flow Statements", not to produce its own cash flow statement.

13 Post balance sheet event

Since the year end, legal completion has taken place on a further seven properties for the Rental Portfolio, amounting to £1.1 million.

14 Related party transactions

The Company is a subsidiary of Le Grand Annington Limited and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the Group.

15 Parent company

Annington Rentals (Holdings) Limited, a company incorporated in Great Britain, is the immediate parent company.

Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party.

Le Grand Annington Limited is the largest and smallest parent company of which the Company is a member and for which Group financial statements are drawn up.